

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BIG RIVERS ELECTRIC CORPORATION'S NOTICE)
OF CHANGES IN ITS RATES FOR ELECTRICITY) CASE NO. 9163
SOLD TO MEMBER COOPERATIVES)

O R D E R

On January 17, 1985, National-Southwire Aluminum Company ("NSA") filed a motion for an order requiring all parties to show cause why the Commission should not deny any increase in the electric rates of Big Rivers Electric Corporation ("Big Rivers") for the purpose of recovering any expenses related to the D. B. Wilson Generating Station or related facilities, prohibit the allocation to the Wilson Generating Station of revenues derived from off-system sales and define the issues in this proceeding to include the question of whether a two-tier rate structure to provide one rate for aluminum smelters and a higher rate for other customers may be lawfully established.

On January 24, 1985, Big Rivers filed a response in opposition to NSA's motion. Big Rivers argues that this rate proceeding does not include a request for either recovery of Wilson Generating Station costs or establishment of a two-tiered rate structure and, consequently, these two issues are hypothetical. Big Rivers does admit that it has requested

recovery of certain costs associated with transmission lines serving the Wilson Generating Station and has allocated revenues from off-system sales to Wilson Generating Station. However, Big Rivers argues that these matters are already issues in this case, the burden of proof is on Big Rivers and the issuance of a show cause order would add nothing to the proceeding.

On January 25, 1985, Kentuckians For Affordable Energy, Inc., filed a response in support of NSA's motion. On January 28, 1985, the Office of Attorney General filed a response in opposition to NSA's motion and the Utility Rate-Cutters filed a response in support of said motion.

Based on the motion, the responses thereto and the evidence of record, the Commission is of the opinion and hereby finds that the issues of whether rates should be based on costs associated with the Wilson Generating Station and related facilities and the proper rate-making treatment of revenues derived from off-system sales involve questions of fact and cannot be determined without an evidentiary hearing. These issues were raised by Big Rivers in its application and pursuant to KRS 278.190, Big Rivers bears the burden of proof thereon. NSA's motion fails to disclose any benefits, either procedural or substantive, to be achieved by making these issues the subject of a show cause proceeding. The Commission further finds that no party to this proceeding has proposed the establishment of a two-tiered rate structure and, therefore, this issue is hypothetical. Based on the Commission's longstanding policy of not issuing advisory opinions, a show

cause proceeding will not be initiated on this rate structure issue.

IT IS THEREFORE ORDERED that NSA's motion shall be and it hereby is denied.

Done at Frankfort, Kentucky, this 31st day of January, 1985.

PUBLIC SERVICE COMMISSION

Richard D. Hermann, Jr.
Chairman

Paul H. G. L.
Vice Chairman

Paul H. G. L.
Commissioner

ATTEST:

Secretary